

Building Blocks for Effective Housing Elements

Regional Housing Needs Allocation

The element shall contain an analysis of population and employment trends and documentation of projections and quantification of the locality's existing and projected housing needs for all income levels. These projected needs shall include the locality's share of the regional housing need in accordance with Section 65584 (Government Code Section 65583(a)(1)).

HCD is required to allocate the region's share of the statewide housing need to Councils of Governments (COG) based on Department of Finance population projections and regional population forecasts used in preparing regional transportation plans. The COG develops a Regional Housing Need Plan (RHNP) allocating the region's share of the statewide need to cities and counties within the region. The RHNP should promote the following objectives:

- increase the housing supply and the mix of housing types, tenure and affordability in all cities and counties within the region in an equitable manner;
- promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns; and
- promote an improved intraregional relationship between jobs and housing.

Housing element law recognizes the most critical decisions regarding housing development occur at the local level within the context of the periodically updated general plan. The RHNP component of the general plan requires local governments to balance the need for growth, including the need for additional housing, against other competing local interests. The RHNP process of housing element law promotes the state's interest in encouraging open markets and providing opportunities for the private sector to address the State's housing demand, while leaving the ultimate decision about how and where to plan for growth at the regional and local levels. The process maintains local control over where and what type of development should occur in local communities while providing the opportunity for the private sector to meet market demand. While land-use planning is fundamentally a local issue, the availability of housing is a matter of statewide importance. The RHNP process requires local governments to be accountable for ensuring that projected housing needs can be accommodated and provides a benchmark for evaluating the adequacy of local zoning and regulatory actions to ensure each local government is providing sufficient appropriately designated land and opportunities for housing development to address population growth and job generation.

I. REQUISITE ANALYSIS

Regional Housing Needs Allocation

Housing element law requires a quantification of each jurisdiction's share of the regional housing need as established in the RHNP prepared by the COG. The Regional Housing Need Allocation (RHNA) is a minimum projection of additional housing units needed to accommodate projected household growth of all income levels by the end of the housing element's statutory planning period. Each locality's RHNA is distributed among four income categories to address the required provision for planning for all income levels. The distributed RHNA should be provided in the housing element as follows:

Regional Housing Need Allocation	
Income Category	New Construction Need
Very Low (0-50% of AMI)	
Low (51-80% of AMI)	
Moderate (81-120% of AMI)	
Above Moderate (over 120% of AMI)	
TOTAL UNITS	

Units Built, Under Construction and/or Approved During Planning Period

A jurisdiction may take credit for units constructed or under construction between the base year of the RHNA period and the beginning of the new planning period. Units which have been issued building permits on or after January 1 of the year falling two years prior to the due date of the jurisdiction's housing element may be credited against the RHNA to determine the balance of site capacity that must be identified. For example, for housing elements due June 30, 2008, units for which permits were issued on or after January 1, 2006 may be credited against the RHNA.

To credit units affordable to lower- and moderate-income households against the RHNA, a jurisdiction must demonstrate the units are affordable based on at least one of the following:

- subsidies, financing or other mechanisms that ensure affordability (e.g., MHP, HOME, or LIHTC financed projects, inclusionary units or RDA requirements);
- actual rents; and
- actual sales prices.

Densities of housing developments do not describe affordability for the purposes of crediting units against the jurisdiction's RHNA. For projects approved but not yet built, the jurisdiction must demonstrate the units can be built within the remaining planning period and demonstrate affordability to very low- or low-income households as follows:

Units Built, Under Construction and/or Approved							
Project Name	<u>Status</u> Built Under Construction Approved	Total Units	Units by Income Level				Methodology of Affordability Determination (1) Sales price (2) Rent price (3) Type of Subsidy
			VL	L	M	AM	

Remaining Need based on Units Built/Under Construction			
Income Category	A	B	A-B
	New Construction Need	Units Built, Under Construction or Approved	Remaining Need
Very Low (0-50% of AMI)			
Low (51-80% of AMI)			
Moderate (81-120% of AMI)			
Above Moderate (over 120% of AMI)			
TOTAL UNITS			

KEY IDEAS

II. MODEL ANALYSES

[Highlighted Jurisdiction- City of Richmond](#)

III. LINKS

[HCD: Housing Element Update Schedule](#)

[HCD: Official State Income Limits](#)

[Listing of Councils of Governments websites](#)

[California Housing Finance Agency's Current Sales Price Limit Bulletins](#)